



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

Procurement  
Instruction  
Memorandum  
No. 98-02  
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**MEMORANDUM FOR BUREAU CHIEF PROCUREMENT OFFICERS**

**FROM:** Annelie M. Kuhn, Acting Director *f. m. kuhn*  
Office of Procurement

**SUBJECT:** Use of Project Labor Agreements

Purpose. This PIM outlines the Department's procedures for use of Project Labor Agreements (PLA) on Federal construction contracts.

Effective Date. This PIM applies to all solicitations issued after January 1, 1998.

Expiration Date. This PIM will expire on January 20, 2001, unless canceled or superseded.

Background. President Clinton's June 5, 1997 memorandum requires the Heads of Executive Departments and Agencies, in consultation with the **FAR** Council, to establish written procedures and criteria to guide use of Project Labor Agreements for federal construction projects.

Definitions. Labor Organization means a labor organization engaged in an industry affecting commerce, and any agent of such an organization, and includes any organization of any kind, any agency, or employee representation committee, group, association, or plan so engaged in which employees participate and which exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours, or other terms or conditions of employment, and any conference, general committee, joint or system board, or joint council so engaged which is subordinate to a national or international labor organization (42 U.S.C. 2000e(e)).

Project Labor Agreement (PLA) means an agreement between the contractor, subcontractors, and the labor organizations(s) representing workers. The PLA sets forth the terms and conditions of employment for the project, establishing a framework for labor-management cooperation and stability to advance the Government's procurement interest in cost, efficiency, and quality.

**Policy.**

a. The Contracting Officer(CO) may require, on a project-by-project basis, a PLA on federal construction projects with a total cost to the Federal Government of more than **\$5** million where (1) a PLA will advance the Government's procurement interest in cost, efficiency, and

quality, and in promoting labor-management stability, compliance with applicable legal requirements governing safety and health, equal employment opportunity, labor and employment standards, and other matters, and (2) no laws applicable to the specific construction project preclude the use of the proposed PLA.

b. Contractors shall not be required to enter into a PLA with any particular labor organization.

c. The Government shall not participate in the negotiation of any PLA.

d. Any PLA shall:

(1) bind all contractors and subcontractors on the construction project;

(2) allow all contractors and subcontractors to compete for contracts and subcontracts on the project, without discrimination against contractors, subcontractors, or employees based on union or nonunion status;

(3) contain guarantees against strikes, lockouts, and similar work disruptions;

(4) set forth effective, prompt, and mutually binding procedures for resolving labor disputes arising during the project;

(5) provide other mechanisms for labor-management cooperation on matters of mutual interest and concern, including productivity, quality of work, safety, and health;

(6) fully conform to all applicable statutes, regulations, and Executive Orders; and

(7) expire on completion of construction of the project.

e. The CO is not required to use a PLA on any project, nor is the CO precluded from using a PLA in circumstances not covered herein, including leasehold arrangements and Federally funded projects.

f. The use of a PLA is not intended to create any right or benefit, substantive or procedural, enforceable by a nonfederal party against the United States, its departments and agencies, its officers or employees, or any other person.

#### Action.

a. When planning a construction procurement with a total estimated cost to the Federal Government of more than \$5 million, the CO may consider including a contract clause requiring a PLA. When deciding whether a PLA is appropriate, the CO should consider:

(1) whether past experience with construction projects in the location where the project will be performed reveals a history of labor disputes, work stoppages, safety and health standards violations, or other similar problems which delayed, disrupted, or otherwise adversely impacted the cost or quality of the work;

(2) whether there are appropriate labor organizations representing the workers likely to be performing the work involved in the construction project;

(3) any collective bargaining agreements that may expire during the life of the construction project;

(4) the availability of qualified employees in the labor market, considering other construction projects that will be ongoing at the same time as the project;

(5) the impact on the Government if the construction project is delayed;

(6) the probable impact on competition if a PLA is required;

(7) state or local laws, such as right to work laws, that contractors and subcontractors must comply with that could impact the use of a PLA; and

(8) any other factors that may be relevant.

b. If a PLA will be required, the CO shall include a contract clause that reads substantially as follows:

#### **REQUIREMENT FOR A PROJECT LABOR AGREEMENT (PLA)**

(a) Definition. A Project Labor Agreement (PLA) is an agreement between the Contractor, subcontractors, and the labor organizations(s) representing workers. The PLA sets forth the terms and conditions of employment for the project, establishing a framework for labor-management cooperation and stability to advance the Government's procurement interest in cost, efficiency, and quality.

(b) The Contractor shall recognize the need for the timely completion of the project without interruption or delay. The Contractor shall, after contract award, enter into a PLA for the construction of [*Insert project name*]. The PLA shall:

(1) bind all contractors and subcontractors on the construction project;

(2) allow all contractors and subcontractors to compete for contracts and subcontracts on the project, without discrimination against contractors, subcontractors, or employees based on union or nonunion status;

(3) contain guarantees against strikes, lockouts, and similar work disruptions;

(4) set forth effective, prompt, and mutually binding procedures for resolving labor disputes arising during the project;

(5) provide other mechanisms for labor-management cooperation on matters of mutual interest and concern, including productivity, quality of work, safety, and health;

(6) fully conform to all applicable statutes, regulations, and Executive Orders; and

(7) expire on completion of construction of the project.

(c) No Project Labor Agreement shall change the terms of this contract or provide for any pricing adjustment by the Government.

(d) The Government shall not participate in the negotiation of any Project Labor Agreement.

(e) The Contractor shall submit to the Contracting Officer a copy of any Project Labor Agreements reached pursuant to this clause within 15 days after contract award, unless the Contracting Officer agrees to a longer period.

(End of clause)